Volunteer Tax Alert (VTA) – 2010-02
January 15, 2010

American Reinvestment and Recovery Act (ARRA)
$250 - Economic Recovery Payment (ERP) Procedures

Issue

Taxpayers do not have to file a tax return to get the Economic Recovery Payment. Therefore, if a taxpayer does not have a filing requirement, volunteers must not prepare a tax return for this credit. Taxpayers who have not received their ERP should contact the applicable payer agency listed below for more information about the $250 payment.

Purpose

Between May and August 2009, the Social Security Administration, U.S. Department of Veterans Affairs and Railroad Retirement Board issued a one-time Economic Recovery Payments of $250 ($500 MFJ if both taxpayers qualify) to qualified recipients. Several concerns were received regarding how VITA/TCE volunteers should prepare tax returns for qualified ERP recipients with respect to the new Schedule M, Making Work Pay and Government Retiree Credits. This VTA provides instructions on how to prepare returns for taxpayers who appear to qualify but who may not remember if they received their ERP. Do not confuse the ERP with the government retiree credit.

How to prepare tax returns with ERP

Nearly 53 million Social Security and Supplemental Security Income (SSI) beneficiaries received a one-time payment of $250 each. To receive a payment, the beneficiary's address of record must be in one of the 50 states, the District of Columbia, Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa, or the Northern Mariana Islands.

Individuals who were eligible for Social Security, SSI, Veterans, or Railroad Retirement benefits at any time during the months of **November 2008, December 2008, or January 2009** are eligible for the one-time payment.

Based on these criteria, with the taxpayer's approval, volunteers will automatically include the appropriate ERP ($250 or $500 if MFJ and both taxpayers qualify) on Form 1040, Schedule M. Again, if the taxpayer has questions about receipt of the $250 payment, refer them to the appropriate payer agency listed below for more information.

Agency Contacts

Agency Issuing the ERP	Type of Payment Received	Phone Number	Other Comments
Social Security Administration	Social Security Benefits or Supplemental Security Income (SSI)	1-800-772-1213	One-time payment sent in May separate from monthly SS check (paper and electronic). Payment will not show on 1099 SSA statement.
Department of Veterans Affairs	Disabled Veterans Benefits	1-800-827-1000	Payments delivered between June and August.
Railroad Retirement Board	Railroad Retirement Benefits	1-877-772-5772 (then push 0 to connect to the local office)	TP should review bank statements between May and August. They will look up the payment. Callers must have their RRB number

NOTE: If the taxpayer had an address change, the payment may have taken longer.

How to respond to the reject codes

The following reject and error notice codes are applicable to the ERP. All rejects must be corrected and re-filed within the required timeframe as outlined in Publication 3189*, Volunteer e-file Administration Guide.* If rejects cannot be resolved, the taxpayer must be contacted and if necessary, a paper return must be filed.

ERP reject and error codes

Below are reject and error codes associated with the ERP. The notice will have information about the error and may not require additional action. However, the taxpayer may need to contact the applicable agency for further assistance on the payment.

E-file Reject Codes	
1132	ERP on 1040/1040A Schedule M does not match agency payment amount issued
1133	ERP was not reduced from MWP
Error Notice Codes	
652	No qualifying income
654	Wrong tax year
654	Wrong form
655	IRSN, ineligible
656	Invalid primary SSN
657	ITIN, ineligible
658	Invalid secondary or Primary SSN
659	TP is dependent on another return
660	Credit denied; AGI too high
661	Credit figured for TP
662	Credit limited because of AGI
663	Credit changed because of low income
664	ERP not included in calculation
665	Incorrect ERP used to calculate credit
667	Error in calculating or transferring credit

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If you have any questions, please discuss with your site coordinator, contact your local IRS SPEC relationship manager, or email partner@irs.gov.